Liberalisation of Provisions Relating to Managerial Remuneration

996. SHRI SURESH KALMADI:
SHRI GOVINDRAO RAMARAO ADIK:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government propose to further liberalise provisions on managerial remuneration giving complete freedom to companies to freely choose their managers and fix their salaries and perks;

(b) if so, what are the reasons therefor; and

(c) whether there will be any limit on the total emoluments of the managers?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. BHARDWAJ): (a) to (c) With a view to encourage the appointment of the best managerial talent, Government have decided, pending consideration of the Companies Bill 1993, to further amend Schedule XIII to the Companies Act, 1956. The salient features of the proposed amendment in Schedule XIII to the Act are as under:—

(i) The existing ceiling limits provided in Schedule XIII on remuneration of managerial personnel in companies with adequate net profits would be withdrawn. As a result thereof, such companies would have the freedom to determine remuneration package(s) for their managerial personnel within the limits laid down in Section 309 of the Act (viz 5% of the net profits where there is only one managerial person and 10% of the net profits where there are more than one managerial person).

(ii) The ceiling limits in Schedule XIII on managerial remuneration will continue to operate in relation to managerial personnel in loss-making companies or companies with inadequate net profits. However, the existing sub-ceilings on salary and specified perquisites would be withdrawn, giving necessary freedom to such companies to work out suitable remuneration package(s) for their managerial personnel within the total ceiling limits on remuneration prescribed in Schedule XIII.

Representation for A.P. High Court Bench

997. DR. YELAMANCHILI SIVAJI: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government have received representations from Lawyers of Andhra Pradesh for the establishment of a Bench of the High Court in Andhra Pradesh;

(b) if so, what are the details in this regard; and

(c) the progress made in the matter so far?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. BHARDWAJ): (a) to (c) Representations seeking establishment of Benches of Andhra Pradesh High Court at Guntur, Visakhapatnam, Vijayawada, Rayalaseema, Anantapur and Tirupati etc. have been received. No action is taken by the Central Government in such matter till a proposal is received from the concerned State Government, in consultation with the Chief Justice of the concerned High Court. No proposal has been received from the Government of Andhra Pradesh in this regard.

Additional benches of High Courts

998. DR. YELAMANCHILI SIVAJI: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the Minister of State for Law, Justice and Company Affairs had announced at Tirupati recently that Government will come out with a national policy on the location of additional benches of High Courts;

(b) if so, the details in this regard ; and

(c) the progress so far made in the matter ?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. BHARDWAJ) : (a) to (c) The present policy of the Government of India is to consider the question of establishment of a High Court Bench in the light of broad principles and criteria recommended by the Jaswant Singh Commission, after a proposal has been received from the concerned State Government, in consultation with the Chief Justice of the High Court. No change in this matter has been made so far.

Review of cost audit reports

999. SHRIMATI SATYA BAHIN :
SHRI RAJNI RANJAN SAHU :
SHRI ANANT RAM JAISWAL :

Will the PRIME MINISTER be pleased to state :

(a) what are the details of cost audit reports reviewed by the Ministry during 1992-93 and 1993-94 ;

(b) what were the companies and products involved in such reviews and what were the findings of the Ministry in each case ;

(c) what is the follow-up acton taken on each cost Audit Report and in what way such action has been beneficial to the companies and the consumers ; and

(d) what steps have been taken to strengthen the system of Cost Audit and also to widen the scope ?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. BHARDWAJ) : (a) to (c) The details of cost audit reports reviewed by the Cost Audit Branch during 1992-93 and 1993-94 indicating the names of companies and products involved are given in the Annexure (*See* Appendix CLXIX, Annexure No. 23). The findings of review of Cost Audit Reports includes cases of disproportionate increase in prices, under utilisation of capacity, inefficiency in the usage of raw materials, deficiency in the maintenance of cost records, inaccuracies in the reported cost data etc. These issues have been taken up with the concerned Ministries, cost auditors and the companies and the follow-up action (is) taken in each case. Audit of cost records serve as a positive aid in cost control and cost reducton. The information available through this source helps the Government to find out whether the benefits of tarrifs and other concessions are being passed on to the consumers and they are getting products at reasonable price.

(d) The cost audit of companies has been made annual from the financial year 1993-94. It has been extended to the small scale industrial undertakings whose annual turnover exceeds Rupees ten crores. Some new products which have been covered under the Cost Accounting Record Rules are Fertilizers, Insecticides (Technical Grade), Soaps & Detergents and Cosmetics & Toiletories.

***Detection of Manipulations in the costs* and prices by MRTPC**

1000. SHRI H. HANUMANTHAPPA : Will the PRIME MINISTER be pleased to state :

(a) whether any manipulations in the costs and prices have been detected in the last three years by the MRTP Commission ; and

(b) if so, the details of those cases and the final conclusions thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. BHARDWAJ) : (a) and (b) The number of res-